

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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ARUBA HOTEL ENTERPRISES N.V.,	:	
	:	
Plaintiff,	:	
	:	3:07 Civ. 07564 (PAC)
v.	:	
	:	ECF FILING
MICHAEL BELFONTI, BELFONTI HOLDINGS:	:	
LLC, and BELFONTI CAPITAL PARTNERS,	:	DECLARATION OF JOSEPH
LLC,	:	IACONO
	:	
Defendants.	:	
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I, JOSEPH IACONO, hereby declare as follows:

1. I am a Supervisory Director of Aruba Hotel Enterprises, N.V. ("AHE"). I am also an officer of Petra Mortgage Capital Corp., LLC ("Petra Mortgage") and Petra Fund REIT Corp. ("Petra REIT"). I have knowledge of the matters set forth herein.

2. As part of a transaction whereby Michael Belfonti ("Belfonti") became the majority beneficial owner of AHE, on May 3, 2006, WIBC Aruba N.V. ("WIBC") -- an affiliate of Wachovia Bank, N.A.-- made a loan to AHE in the principal amount of \$230,000,000.00 US (the "Mortgage Loan"). The terms of the Mortgage Loan were memorialized in a loan agreement between AHE and WIBC, dated May 3, 2006 (the "Mortgage Loan Agreement"), a copy of which is attached hereto as Exhibit A. AHE's principal asset is a hotel property now known as the Westin Aruba Resort, which is located on the island of Aruba (the "Hotel").

3. In June 2006, Petra Mortgage made a separate loan in the principal amount of \$19,450,000.00 (the "Mezzanine Loan") to BCP Florin, a company that was majority owned and controlled by Belfonti. The terms of the Mezzanine Loan were memorialized in a loan and security agreement executed on or about June 9, 2006 (the "Mezzanine Loan Agreement"), a

copy of which is attached hereto as Exhibit B. Petra Mortgage subsequently assigned its rights under the Mezzanine Loan Agreement to Petra REIT.¹ The Mezzanine Loan was also to be used by Belfonti in connection with his purchase of AHE and the Hotel.

4. The Mezzanine Loan was secured by a first priority security interest in one hundred percent (100%) of the issued and outstanding equity of Twilight Holdings, LLC ("Twilight"). Twilight -- a Delaware limited liability company that was, at the time, beneficially owned and controlled by Belfonti -- was an indirect subsidiary of BCP Florin. At the time the Mezzanine Loan was made, AHE was an indirect subsidiary of BCP Florin and Twilight. Thus, AHE's stock was part of Petra's collateral for the Mezzanine Loan.

5. In April 2007, AHE defaulted on the Mortgage Loan and BCP Florin defaulted on the Mezzanine Loan. At the time of the defaults, AHE was still controlled by Belfonti. Thereafter, Petra voluntarily cured the default on the Mortgage Loan, foreclosed on its security interest in Twilight under the Mezzanine Loan and, in consequence, became the beneficial owner of Twilight's indirect subsidiary, AHE.

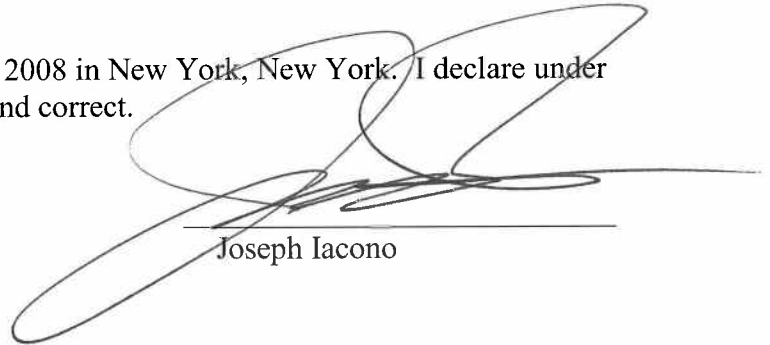
6. On August 21, 2007, AHE received a letter from attorney Johan P. Sjiem Fat of Sjiem Fat & Kuster in Aruba. A copy of the letter, and its English translation, is attached hereto as Exhibit C. This letter -- which was sent on behalf of Belfonti Holdings, LLC, Belfonti Capital Partners, LLC, MCR Property Management Inc. and CEB Irrevocable Trust -- claimed that all four of these entities made purported "loans" to AHE during the time that Belfonti was the controlling principal of AHE. The letter demanded payment of the purported "loans" by August 24, 2007 at 12:00 noon. To my knowledge, this letter was the first time that any demand was made on AHE by any of these entities for repayment of the purported "loans."

¹ I will hereinafter refer to Petra Mortgage and Petra REIT, individually and collectively, as "Petra."

7. Attached hereto as Exhibit D is a copy of the Westin Aruba Resort Operating Agreement between AHE and Westin Aruba Hotel Management LLC, dated May 3, 2006.

8. Attached hereto as Exhibit E is a copy of the English-language version of the Articles of Incorporation of AHE that were in effect during the period when Belfonti controlled AHE.

Executed this 23 day of July 2008 in New York, New York. I declare under penalty of perjury that the foregoing is true and correct.



Joseph Iacono